



PHILIP MORRIS

U.S.A.

120 PARK AVENUE, NEW YORK, N.Y. 10017 • TELEPHONE (917) 663-5000

January 1, 1999

Mr. Henry Cárdenas
Henry Cárdenas and Associates, Inc.
1254 North Wells Street
Chicago, Illinois 60610

Philip Morris Presents Hispanic Concert

Dear Mr. Cárdenas:

This letter constitutes the agreement (the "Agreement") between Philip Morris Incorporated, a Virginia corporation with executive offices located at 120 Park Avenue, New York, New York 10017 ("Philip Morris"), and Henry Cárdenas and Associates, Inc., an Illinois corporation with offices located at 1254 North Wells Street, Chicago, Illinois 60610 ("Promoter"), in connection with the **Philip Morris Presents Hispanic Concert** at the Calle Ocho Festival to be held in Miami, Florida on March 14, 1999 (the "Concert"). Promoter will render services, which will include the following, in connection with the Concert.

1. Services. Promoter will:

(a) conduct research and select artists to perform at the Concert (the "Artists"). The number and identity of Artists is subject to the prior approval of Philip Morris. Unless otherwise directed by Philip Morris, Promoter will enter into performance agreements with the Artists ("Performance Agreements"). Promoter must obtain Philip Morris' written approval prior to entering any Performance Agreement and Promoter will use best efforts to ensure that each Performance Agreement contains the following terms governing the Artist's conduct and will immediately inform Philip Morris if and when any Performance Agreement will or does not contain the following items:

(1) for a period of seventy-five days prior to and forty days subsequent to the Concert, the Artist will not perform, advertise or permit to be advertised, a performance by such Artist within one hundred and fifty miles of the Concert site without the prior, written approval of Philip Morris;

(2) Philip Morris will have the right to use brand and event logos created by Philip Morris and the phrase "**Philip Morris Presents**" in conjunction with the name, likeness and logo of the Artist in connection with the Concert;

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(3) the Artist will speak in person or by telephone with Philip Morris' designated media specialist prior to participating in any interview in connection with the Concert;

(4) the Artist will be available for and properly participate in media training sessions, interviews, public appearances, press conferences, and other promotional activities, if, as and when requested by Philip Morris;

(5) if the Artist is a "name" Artist, the Artist will appear at pre- or post-Concert receptions held in connection with the Concert, when reasonably feasible. Reasonable expenses incurred in connection with such appearances will be reimbursed by Philip Morris, up to a maximum amount to be agreed upon in advance in writing; and

(6) the Artist will not disclose the existence or terms of the Performance Agreement to third parties without the prior, written permission of Philip Morris;

Upon execution, Promoter will deliver copies of all Performance Agreements to Philip Morris;

(b) use, and ensure that the Artists use, the official name, **Philip Morris Presents** when referring to the Concert. Such use will not constitute an endorsement by Philip Morris or the Artists;

(c) assume complete responsibility for securing all music licensing rights and paying all required fees, including, ASCAP and BMI;

(d) ensure that Artist schedules, touring and travel are secured no later than eight weeks prior to the Concert date and ensure that advance interviews can be conducted with the Artists;

(e) guarantee that a minimum of one key Artist satisfactory to Philip Morris will be available for and commit to interviews during no less than two weeks in advance of the Concert;

(f) provide names and telephone numbers of the Artists to Philip Morris no less than six weeks prior to the Concert date;

(g) provide Philip Morris with the Artists' photo "head shots" and biographies no later than thirty days prior to the Concert date;

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(h) if Philip Morris decides to develop and produce a videotape or audio recording of the Concert, Promoter will assist and cooperate with Philip Morris and will use all reasonable efforts to facilitate the development and production of the videotape or audio recording;

(i) ensure that **Philip Morris Presents** logo backdrops are the exclusive signage in the interview areas at the Concert site;

(j) if an Artist cancels or withdraws from the Concert, Promoter will use best efforts to select and retain a substitute Artist for the Concert and Promoter will obtain a refund for Philip Morris of monies expended for the original Artist;

(k) if requested by Philip Morris, on or before March 1, 1999, attend presentations and planning meetings with Philip Morris representatives and the event officials in connection with the Concert site; and

(l) be available to meet at reasonable times with Philip Morris representatives at Philip Morris headquarters in New York, New York or at other locations designated by Philip Morris and perform in a professional manner.

2. Payment. In full and complete consideration of all services provided by Promoter under the Agreement, Philip Morris will pay Promoter a fee of \$116,025.00. The fee will be paid in three installments. The first installment of \$ 52,211.25 will be paid upon submission of an invoice and the executed Performance Agreements with the Artists approved by Philip Morris to perform at the Concert. The second installment of \$52,211.25 will be paid upon submission of an invoice on March 10, 1999. The third installment of \$11,602.50 will be paid within thirty days after completion of the Concert, and submission of an invoice and a wrap-up report.

3. Business Expenses. Philip Morris will reimburse Promoter for reasonable, competitively priced out-of-pocket business expenses ("Business Expenses") incurred in providing services under the Agreement, including travel, accommodations, meals, and long distance telephone calls, which will be reimbursed, at cost, within thirty days after submission of an itemized invoice detailing such expenses incurred. All Business Expenses in excess of \$25 must be submitted with receipts. All Business Expenses in excess of \$250 must be approved in advance by Philip Morris. Total Business Expenses must not exceed \$2,500 throughout the term of the Agreement without the prior, written approval of Philip Morris.

4. Term, Termination and Renewal.

(a) The term of the Agreement commenced as of January 1, 1999, and will continue through the later of December 31, 1999, or Promoter's complete performance to the reasonable satisfaction of Philip Morris.

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(b) Philip Morris may terminate the Agreement, with or without cause, upon thirty days' advance, written notice to Promoter. If Philip Morris terminates the Agreement without cause, Philip Morris will have no liability to Promoter after the termination date specified in Philip Morris' notice of termination, with the exception of fees earned for services satisfactorily performed, and documented expenses properly incurred, by Promoter prior to the termination date specified in Philip Morris' notice of termination. If and when requested by Philip Morris, Promoter will assign to Philip Morris or its designated agent all of Promoter's interests, rights and obligations under agreements entered into by Promoter with respect to the Concert within thirty days after the termination date specified in Philip Morris' notice of termination.

(c) If any federal, state, municipal or local law, regulation, ordinance, order, ruling, judgment, consent decree or other governmental action becomes effective that makes the promotion of tobacco products as contemplated by the Agreement unlawful, impracticable or, in the judgment of Philip Morris, materially reduces the value of the Agreement to Philip Morris, the Agreement may be terminated by Philip Morris as of the effective date of the law, regulation, ordinance, order, ruling, judgment, consent decree or action, and Promoter will refund promptly to Philip Morris all amounts paid to Promoter by Philip Morris hereunder. Promoter may deduct from the refund all fees earned for services satisfactorily performed, and documented expenses properly incurred, by Promoter prior to the termination date. Promoter will immediately supply documentation to Philip Morris for all amounts so deducted.

(d) Philip Morris has the right to renew the Agreement for an additional one-year term upon written notice delivered to Promoter on or before December 31, 1999. If Philip Morris elects to renew the Agreement, all terms and conditions of the Agreement will be incorporated in any renewal, except for appropriate changes in dates and Concert sites and the provisions of Paragraphs 2 and 3. The parties will negotiate such provisions in good faith and memorialize their agreement in a separate writing.

5. Records. Promoter, its employees and agents will maintain detailed and accurate books and records of account with respect to services undertaken on behalf of Philip Morris and will provide periodic reports as and when requested by Philip Morris. Philip Morris or its designated agent has the right, at Philip Morris' expense, to inspect, review and copy Promoter's books and records from time to time, at reasonable times and places throughout the term of the Agreement.

6. Ownership. All material prepared or developed by Promoter pursuant to the Agreement will become the property of Philip Morris and Promoter hereby agrees to assign to Philip Morris any and all rights to copyright the material. Upon the acceptance by Philip Morris of any copyrightable material prepared by Promoter, Promoter at the request of Philip Morris will assign all of its right, title and interest in and to the material to Philip Morris and will execute an assignment in a form acceptable to Philip Morris.

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7. Confidentiality. Promoter, its employees and agents will hold strictly confidential the existence and terms of the Agreement and all information and materials provided by Philip Morris to Promoter or created or acquired by Promoter in performing services pursuant to the Agreement. Promoter will not use or disclose to any third party the existence or terms of the Agreement, the information or materials, or any other confidential information without the prior, written consent of Philip Morris. Upon the termination or expiration of the Agreement, Promoter will return promptly all materials to Philip Morris. Promoter's obligation to maintain confidentiality will survive the termination or expiration of the Agreement.

8. Exclusivity. During the term of the Agreement, Promoter will not render consulting or other similar services for any other manufacturer of cigarettes or other tobacco products, or permit signage, commercial identification or distribution of any other cigarettes or other tobacco products or tobacco product branded incentive items in connection with the Concert, without the prior, written consent of Philip Morris.

9. Independent Contractor. Promoter is and will remain an independent contractor and nothing in the Agreement will be construed to create an association, partnership, joint venture or relation of principal and agent or employer and employee between Philip Morris and Promoter or any of Promoter's employees or agents, within the meaning of any federal, state or local law. Except as specifically stated in the Agreement, Promoter will not enter into any agreement, oral or written, on behalf of Philip Morris or otherwise obligate Philip Morris without Philip Morris' advance, written approval.

10. The Philip Morris Names. Promoter recognizes and acknowledges that the Philip Morris name and the names of the Philip Morris brands and the designs, emblems, slogans and insignia associated with Philip Morris and its brands have great value and goodwill and are the sole property of Philip Morris, and Promoter agrees that it has and will claim no right, title or interest in or to the same or the right to use the same except in accordance with the terms and conditions of the Agreement.

11. Insurance. Within thirty days after execution of the Agreement, Promoter will deliver to Philip Morris certificates of insurance and, if requested by Philip Morris, copies of the underlying policies relating to the certificates, issued by insurers acceptable to Philip Morris and evidencing: (i) comprehensive general liability coverage, including advertiser's, contractual, participant's and spectator's liability, with a combined single limit of no less than \$5,000,000 per occurrence for bodily injury, including personal injury, and property damage; (ii) statutory workers' compensation coverage meeting all state and local requirements, including coverage for employers' liability with limits of no less than \$500,000; and (iii) comprehensive automobile liability coverage for all owned, non-owned, and hired vehicles with bodily injury limits of no less than \$1,000,000 per person, \$1,000,000 per accident; and property damage limits of no less than \$1,000,000 per accident. The certificates of insurance required by subparagraphs (i) and (iii) must name Philip Morris, its affiliates, employees and assigns as additional insureds and

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must state that Philip Morris will be provided at least thirty days' advance, written notice of a cancellation or modification of the insurance. The insurance required must be primary coverage without right of contribution from any other Philip Morris insurance. Insurance maintained by Philip Morris is for the exclusive benefit of Philip Morris and will not inure to the benefit of Promoter.

12. Indemnity. Promoter agrees to indemnify and hold harmless Philip Morris, its affiliates, agents and subcontractors, and each of their respective officers, employees, directors and agents from all claims, liabilities, costs and expenses, including reasonable attorneys' fees, that arise from or may be attributable to any error, omission or fault of Promoter. Promoter's obligation to indemnify and hold harmless will survive the termination or expiration of the Agreement.

13. Third Party Contacts. If at any time Promoter is contacted by a third party, including the media, other than as contemplated by the terms of the Agreement, concerning Promoter's activities on behalf of Philip Morris, Promoter will make no comment, immediately notify Philip Morris of the third party contact, and refer the third party to Philip Morris, Senior Vice President, Corporate Affairs.

14. Notices. Any notice given under the terms of the Agreement must be in writing and delivered by United States certified mail, return receipt requested, postage prepaid, and if to Promoter, at the address set forth above, Attention: Mr. Henry Cárdenas, and if to Philip Morris, to Philip Morris Incorporated, 120 Park Avenue, New York, New York 10017, Attention: Vice President, Marketing Services.

15. Miscellaneous.

(a) The Agreement and all matters collateral hereto will be governed by the laws of the State of New York applicable to agreements made and to be entirely performed within New York State.

(b) Force Majeure, acts of God, or other causes beyond the control of any party delaying or causing the cancellation or delay of the Concert will not subject Promoter or Philip Morris to any liability hereunder, except if, and to the extent, otherwise specifically provided herein.

(c) The Agreement may not be modified or amended except by a writing signed by both parties. A waiver by either party of any term or condition of the Agreement in one or more instances will not constitute a permanent waiver of the term or condition or any other term or condition of the Agreement or a general waiver.

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Mr. Henry Cárdenas
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(d) The Agreement may not be assigned by either party without the written consent of the other. If an assignment occurs, the assignment will not release the assigning party of its liabilities or obligations under the Agreement. The Agreement is binding upon successors and assigns of the parties.

(e) The Agreement sets forth the entire agreement between the parties and supersedes any prior oral or written agreement between parties concerning the subject matter of the Agreement.

(f) Both parties hereto will comply with all applicable laws, regulations and ordinances affecting its activities hereunder, including, the provisions of 15 U.S.C. § 1331 et seq. and of the Master Settlement Agreement executed as of November 23, 1998, by certain tobacco manufacturers and the Settling States (as defined in the Master Settlement Agreement).

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Mr. Henry Cárdenas
Henry Cárdenas and Associates, Inc.
January 1, 1999
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If the foregoing accurately sets forth our understanding, please signify your acceptance and agreement by executing and returning the enclosed copies of this letter. We will forward one fully executed copy to you.

Very truly yours,

PHILIP MORRIS INCORPORATED

By: _____

Title: _____

ACCEPTED AND AGREED
AS OF THE DATE OF THIS LETTER:

HENRY CÁRDENAS AND ASSOCIATES, INC.

By: _____
Henry Cárdenas

Taxpayer I.D. No.: _____

Filing Status: _____